

24 October 2024

Corp

Ticker AZY:ASX

Mining
Shares in issue (m) 4,776.4
Next results H1 Apr

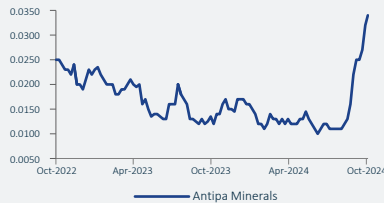
Price **A\$0.03**
Target price A\$0.06
Upside 68%

Market Cap **A\$162.4m**
Net debt/(cash) -A\$23.0m
Other EV adjustments A\$0.0m
Enterprise value A\$139.4m

What's changed?

	From	To
Adjusted EPS	0.0	n/c
Target price	0.04	0.06

Share price performance



%	1M	3M	12M
Actual	54.5	195.7	161.5

Company description

Antipa is a mineral exploration company focused on the Paterson Province of Western Australia

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Antipa Minerals

Minyari Dome Scoping Study Update

Antipa released the updated Scoping Study for its 100%-owned Minyari Dome Gold-Copper Project in Western Australia's Paterson Province. The updated Scoping Study has reaffirmed the technical and financial viability of a stand-alone gold mining and processing operation at Minyari Dome, reporting a post-tax NPV7 of A\$598m and 46% IRR, assuming US\$2,100/oz gold and 0.70 A\$/US\$ (A\$3,000/oz) (approximately 37% below the current spot price of A\$4,100) or post-tax NPV7 of A\$1,205m and 79% IRR, assuming US\$2,800/oz gold and 0.70 A\$/US\$ (A\$4,000/oz).

Minyari Dome is just 35km from Newmont's (Greatland Gold's), Telfer 22Mtpa processing facility. While the base case remains a stand-alone operation it makes sense for Greatland to look at Minyari and Antipa as an obvious target to provide ore to fill its Telfer plant which they plan to run at 25% capacity.

We increase our valuation to A\$0.06 (A\$311m) on a standalone sum-of-the-parts basis, underpinned by a solid asset on the development path, all with discovery upside re-rating potential and with potential M&A exits that are now more in the spotlight.

- The Scoping Study is based on an initial combined open pit and underground mine schedule of 30.2Mt at 1.5g/t gold for 1.5Moz gold over +10 years of initial processing life at 3Mtpa producing 1.3Moz, at an average rate of 130koz p.a. for the first 10 years. Total pre-production capital cost of A\$306m, including A\$90m for pre-production mining with a payback period of approximately 2 years. Average AISC of A\$1,721/oz (equivalent to US\$1,205/oz). Simple, non-refractory metallurgy allows for a standard Carbon-in-Leach (CIL) process plant, delivering an estimated gold recovery of 90%.
- We had modelled Minyari Dome post tax NPV at A\$512m assuming a gold price of US\$2,100; this was better than we had forecast. We are currently running our modelling using a LT gold price of US\$2,200/oz and Antipa published a post-tax NPV7 for the Minyari Dome Project of A\$781m at A\$3,300/oz which we risk at 0.25x to A\$195m and use in our standalone basis valuation.
- There is further potential to extend the mine schedule and operating life with resource upside and further improve economics and also by-product (copper/cobalt) opportunities to evaluate.
- 2024 Phase 2 drilling programme has recently commenced at Minyari Dome and will run through Q4 CY2024. Multiple further growth-focused drilling programmes are in planning for CY2025.
- Antipa will have A\$23m in cash and will be well funded to progress the Minyari Project through advanced studies towards a mine development decision and has plenty of exploration activity scheduled. The market valuation implies that over 2.9Moz gold equivalent in a possible open pit just 35km from a processing facility with huge spare capacity is worth under A\$160m. This is significantly less than the potential value of the project as shown in the latest Scoping Study on a standalone basis, let alone what it's worth to help fill its Telfer plant for Greatland. We believe Antipa offers potential for significant upside as the strategic value of its assets are realised.

Key estimates		2020A	2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun	Jun
Revenue	A\$m	0.0	0.0	0.0	0.0	0.0
Adj EBITDA	A\$m	-2.4	-4.2	-6.2	-3.3	-1.3
Adj EBIT	A\$m	-2.4	-4.3	-6.4	-3.4	-1.4
Adj PBT	A\$m	-2.4	-4.3	-6.4	-3.3	-1.2
Adj EPS	c	-0.1	-0.1	-0.2	-0.1	-0.0
DPS	c	0.0	0.0	0.0	0.0	0.0

Key valuation metrics		2020A	2021A	2022A	2023A	2024A
EV/sales	x	n/m	n/m	n/m	n/m	n/m
EV/EBIT (adj)	x	-57.5	-32.7	-22.0	-40.8	-100.1
P/E (adj)	x	-34.5	-26.0	-18.0	-42.6	-160.4
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-2.9%	-3.3%	-15.3%	-7.8%	-5.3%

Minyari Dome Scoping Study Update

Income statement		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Sales	A\$m	0.0	0.0	0.0	0.0
Gross profit	A\$m	0.0	0.0	0.0	0.0
EBITDA (adjusted)	A\$m	-4.2	-6.2	-3.3	-1.3
EBIT (adjusted)	A\$m	-4.3	-6.4	-3.4	-1.4
Associates/other	A\$m	0.0	0.0	0.0	0.0
Net interest	A\$m	-0.0	-0.0	0.1	0.2
PBT (adjusted)	A\$m	-4.3	-6.4	-3.3	-1.2
Total adjustments	A\$m	0.0	0.0	0.0	0.0
PBT (stated)	A\$m	-4.3	-6.4	-3.3	-1.2
Tax charge	A\$m	0.0	0.0	0.0	0.0
Minorities/Disc ops	A\$m	0.0	0.0	0.0	0.0
Reported earnings	A\$m	-4.3	-6.4	-3.3	-1.2
Adjusted earnings	A\$m	-4.3	-6.4	-3.3	-1.2
Shares in issue (year end)	m	3,131.4	3,139.7	3,597.1	4,768.7
EPS (stated)	c	-0.2	-0.2	-0.1	-0.0
EPS (adjusted, fully diluted)	c	-0.1	-0.2	-0.1	-0.0
DPS	c	0.0	0.0	0.0	0.0

Cash flow		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
EBITDA	A\$m	-4.2	-6.2	-3.3	-1.3
Net change in working capital	A\$m	0.3	0.2	-0.0	-0.1
Other operating items	A\$m	2.3	3.9	0.6	0.6
Cash flow from op. activities	A\$m	-1.5	-2.2	-2.8	-0.8
Cash interest	A\$m	0.0	0.0	0.0	0.0
Cash tax	A\$m	0.0	0.0	0.0	0.0
Capex	A\$m	-3.9	-22.7	-10.0	-7.9
Other items	A\$m	0.0	0.0	0.0	0.0
Free cash flow	A\$m	-5.4	-24.9	-12.7	-8.7
Acquisitions / disposals	A\$m	0.0	0.0	0.0	0.0
Dividends	A\$m	0.0	0.0	0.0	0.0
Shares issued	A\$m	30.1	0.3	11.5	12.0
Other	A\$m	0.0	0.0	0.0	0.0
Net change in cash flow	A\$m	24.6	-24.6	-1.2	3.3
Opening net cash (debt)	A\$m	6.8	31.4	6.8	5.6
Closing net cash (debt)	A\$m	31.4	6.8	5.6	8.9

Balance sheet		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Tangible fixed assets	A\$m	38.2	55.9	65.5	73.1
Goodwill & other intangibles	A\$m	0.0	0.0	0.0	0.0
Other non current assets	A\$m	0.0	0.0	0.0	0.0
Net working capital	A\$m	-7.7	-2.1	-1.5	-1.0
Other assets	A\$m	0.0	0.0	0.0	0.0
Other liabilities	A\$m	-2.5	-1.1	-0.4	-0.6
Gross cash & cash equivs	A\$m	33.7	7.9	5.8	8.0
Capital employed	A\$m	61.8	60.5	69.4	79.5
Gross debt	A\$m	0.5	0.5	0.4	0.3
Net pension liability	A\$m	0.0	0.0	0.0	0.0
Shareholders equity	A\$m	61.2	60.1	69.0	79.2
Minorities	A\$m	0.0	0.0	0.0	0.0
Capital employed	A\$m	61.8	60.5	69.4	79.5

Growth analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Sales growth	%	n/m	n/m	n/m	n/m
EBITDA growth	%	-78.3%	-49.0%	47.0%	60.7%
EBIT growth	%	-76.0%	-48.9%	46.3%	59.2%
PBT growth	%	-75.5%	-48.9%	48.7%	63.6%
EPS growth	%	-32.8%	-44.3%	57.7%	73.4%
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Gross margin	%	n/m	n/m	n/m	n/m
EBITDA margin	%	n/m	n/m	n/m	n/m
EBIT margin	%	n/m	n/m	n/m	n/m
PBT margin	%	n/m	n/m	n/m	n/m
Net margin	%	n/m	n/m	n/m	n/m

Valuation analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
EV/EBITDA	x	-33.3	-22.3	-42.1	-107.2
EV/EBIT	x	-32.7	-22.0	-40.8	-100.1
P/E	x	-26.0	-18.0	-42.6	-160.4

Cash flow analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Cash conv'n (op cash / EBITDA)	%	n/m	n/m	n/m	n/m
Cash conv'n (FCF / EBITDA)	%	129.3%	399.0%	384.3%	667.5%
U/lying FCF (capex = depn)	A\$m	-1.6	-2.3	-2.9	-0.9
Cash quality (u/l FCF / adj earn)	%	37.8%	36.2%	87.3%	74.2%
Investment rate (capex / depn)	x	51.0	210.2	96.8	84.8
Interest cash cover	x	n/a	n/a	n/a	n/a
Dividend cash cover	x	n/a	n/a	n/a	n/a

Working capital analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Net working capital / sales	%	n/m	n/m	n/m	n/m
Net working capital / sales	days	n/m	n/m	n/m	n/m
Inventory (days)	days	n/m	n/m	n/m	n/m
Receivables (days)	days	n/m	n/m	n/m	n/m
Payables (days)	days	n/m	n/m	n/m	n/m

Leverage analysis		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Net debt / equity	%	net cash	net cash	net cash	net cash
Net debt / EBITDA	x	n/a	n/a	n/a	n/a
Liabilities / capital employed	%	0.9%	0.8%	0.6%	0.4%

Capital efficiency & intrinsic value		2021A	2022A	2023A	2024A
Year end:		Jun	Jun	Jun	Jun
Adjusted return on equity	%	-7.0%	-10.6%	-4.7%	-1.5%
RoCE (EBIT basis, pre-tax)	%	-6.9%	-10.5%	-4.9%	-1.8%
RoCE (u/lying FCF basis)	%	-2.6%	-3.8%	-4.1%	-1.1%
NAV per share	c	2.0	1.9	1.9	1.7
NTA per share	c	2.0	1.9	1.9	1.7

Minyari Dome Scoping Study Update

Figure 1: Basics

Ticker	AZY.ASX	Recommendation	Buy	Asset	Minyari	Capital Str.	Shares (m)
Price (A\$)	0.032	FD Price Target (A\$)	0.06	Country	Australia	Basic	4,776
Mkt cap (A\$m)	162	Project PNAV Today	1.8	Commodity	Gold/Copper	FD (ITM)	5,430

Source: Cavendish

Figure 2: Valuation

SOTP Valuation	Unit	Base Case	NAVx	Disc. NAV	A\$/sh
Minyari Dome	A\$m	781	0.25	195	0.04
Minyari Exploration	A\$m	100	0.25	25	0.00
Other Exploration	A\$m	67	1.00	67	0.01
Cash	A\$m	23	1	23	0.00
Debt	A\$m	-	1	-	-
ITM Options	A\$m	8	1	8	0.15
Total	A\$m	979	-	311	0.06

Valuation Progression	Scoping Study	DFS	Funded	Start Up	Prod.
NAV multiple x	0.25	0.5	0.6	0.8	0.95
Minyari Dome NPV 7% per share A\$c	195	391	469	625	742
	4	8	10	13	16

Catalysts

1. Potential M&A
2. CY2024 Phase 2 Exploration update
3. Farm-in exploration programmes

Source: Cavendish estimates

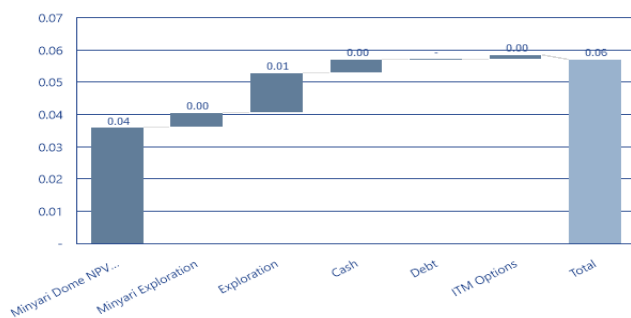
Figure 3: Resource Reserve

Category (100% basis)	Cut off (g/t Au)	Tonnes (mt)	Grade (g/t Au)	Metal Content (Oz Au)
Minyari Dome (100% Antipa)				
Indicated	0.4/1.5	27.1	1.75	1,505,000
Inferred	0.4/1.5	6.2	1.78	347,000
Sub-Total	0.4/1.5	33.3	1.73	1,852,000
WACA				
Indicated	0.4/1.5	1.71	0.96	53,000
Inferred	0.4/1.5	3.454	1.27	143,000
Sub-Total	0.4/1.5	5.164	1.18	195,000
GEO-01				
Indicated	0.4	2.992	0.76	73,000
Inferred	0.4	3.748	0.65	78,000
Sub-Total	0.4	6.74	0.7	151,000
Total Minyari + WACA + GEO-01 + Satellite Deposits				
Indicated	0.4/1.5	32.2	1.59	1,650,000
Inferred	0.4/1.5	15.4	1.35	670,000
Grand Total		47.6	1.51	2,320,000
Wilki Project (Newmont Farm -in - Currently 100% Antipa)				
Chicken Ranch	0.5	0.8	1.6	40,300
Tim's Dome	0.5	1.8	1.1	63,200
AZY EV/oz	Au Eq.		A\$/oz	48
Peer EV/oz	Au		A\$/oz	58

Source: Company Data

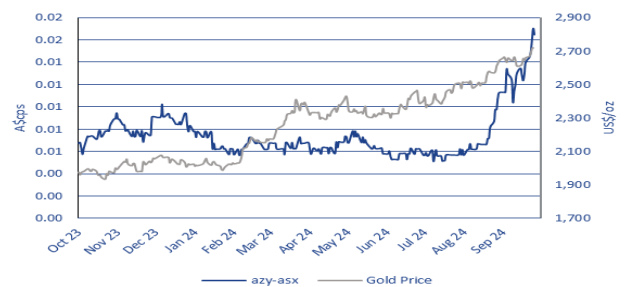
The 0.4 g/t and 1.5 g/t Aueq cut-off grades assume open pit and underground mining, respectively.

Figure 4: Valuation



Source: Cavendish estimates

Figure 5: Share Price vs Gold



Source: S&P CapIQPro

Figure 6: Shareholders

Holder	%
Newmont Corp.(GGP)	8.6
Lion Selection Group	4.2
IGO	3.1
Board	3.1
Institutions	18.6
Other	62.4

Source: Company data

Figure 7: Board

Board	Position	Appointed
Mark Rodda	Exec Chairperson	2010
Roger Mason	Managing Director & CEO	2010
Peter Buck	Independent & Non-Exec. Director	2010
Stephen Power	Independent & Non-Exec. Director	2010
Gary Johnson	Independent & Non-Exec. Director	2010

Source: Company data

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Definition of research recommendations

Expected absolute returns

BUY is an expected return greater than 10%

HOLD is an expected return -10% - +10%

SELL is an expected return less than -10%

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	Corporate client no.	Corporate client %	Total no.	Total %
Buy	2	1.5%	14	8.9%
Hold	0	0.0%	0	0.0%
Sell	0	0.0%	0	0.0%
Under Review	0	0.0%	0	0.0%
Corp	132	96.4%	143	91.1%

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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Antipa Minerals	9	19 October 23	Corp	A\$0.01	A\$0.05

Source: Cavendish

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